

EVERGREEN ♦ EAST HILLS VISION STRATEGY

The sixth meeting of the Evergreen East Hills Vision Strategy task force was held on January 18, 2006 at the San José City Hall, 200 East Santa Clara Street, Wing 118, San José. The session was called to order at 6:30 p.m. The meeting adjourned at 8:39 p.m.

Task force Members Present:

Chair Dave Cortese, Vice-Chair Nora Campos, Madison Nguyen, Sylvia Alvarez, Jenny Chang, Chirs Corpus, Allan Covington, Steven Cox, Nancy Dellamattera, Steve Dunn, Joe Head, Mike Hill, Carlos DaSilva, Lou Kvitek, Bob Levy, Maria Lopez, Gordon Lund, Mark Milioto, Al Munoz, Khanh Nguyen, Melanie Richardson, Ike White, Homing Yip, J. Manuel Herrera, Dave Zenker, Jim Zito

Members of the Public Present:

Rhonda Garcia, Kari Peterson, Teresa Trinh, Shawna Sanders, Kelly Erardi, Bob Nunez, Terry Gotcher, Anthony Drummond, Kulwant Sidhu, Bob Rivet, Larry Caskey, Ivy Sarratt, Ruben Dominguez, George Reilly, Candy Richter, Wesley Lee, Katja Irvin, Gina Zendejas, Ellie Glass, Linda Montagano, Larry Glick, Carol & Bill Ashman

Developer Community Present:

Tom Armstrong, Myron Crawford, Gerry DeYoung, Jim Eller, Bob Henken, Mike Keaney, James Lindsay, Terry Pries, Bo Radanovich, Gretchen Sauer, Menka Sethi, Patrick Spillane

Staff Present:

Laurel Prevetti, Andrew Crabtree, Sylvia Do, Tom Borden, Lisa Taitano, Winnie Pagan, David Persselin, Mike Meyer, Rebecca Flores, Nanci Klein

Welcome and Introductions:

Kip Harkness, manager of the City's Strong Neighborhood Initiative program, welcomed everyone to the task force meeting.

Meeting Summary and Updates:

Acceptance of December 14th Task Force Meeting Summary

Laurel Prevetti, Deputy Director of the PBCE Department, explained that because the Summary of the December Task Force meeting was not made available to the public sufficiently in advance, this item would be deferred to the next regular Task Force meeting.

Task Force Schedule

Laurel Prevetti notified the Task Force that a special Task Force workshop is being scheduled for February 25, 2006, based upon direction received at the December Task Force Meeting. The Workshop is tentatively scheduled to begin at 9:00 and last approximately three hours, at a location to be determined.

Outreach Update

The following updates were provided:

- A community workshop was held with the Pleasant Hills Golf Course community on Tuesday, January 17th.
- On January 24th KB Homes & Summerhill Homes are holding a community meeting to go over their proposed site plan for the Pleasant Hills Golf Course. The Task Force and community were invited to attend.
- An upcoming general EEHVS community meeting is scheduled for January 26th at Evergreen Elementary School.
- The Eastside Union School District will be hosting a facilities roundtable discussion on Monday, February 13th.

The task force provided the following comments and questions:

Comment/Question	Response/Answer
Will there be a regular February Task Force meeting?	The February 15 th Task Force meeting has been canceled. In its place will be a Task Force workshop on Saturday, February 25 th from 9:00AM to 12:30PM at KR Smith Elementary School (2025 Clarice Drive)
The Saturday workshop should be longer than 3 hours.	The workshop length was increased to 3 ½ hours.

Comment/Question**Response/Answer**

Is it possible to schedule both a regular Task Force meeting and the Task Force workshop for February?

The Task Force discussed this item and decided that the Saturday 2/25 workshop would be sufficient.

There are huge issues left to discuss, including the Evergreen Development Policy and the EIR.

These items will be scheduled for discussion at future Task Force meetings.

Could there be a conclusion meeting to wrap-up Task Force discussion?

Possible changes to the Work Plan, including addition of a final 'wrap-up' meeting, will be discussed at a future Task Force meeting.

Recommend scheduling the workshop to be 4 hours, but to remain open to a 6 hour meeting.

The 2/25 workshop will be used for an initial discussion of policy trade-offs and potential amenities. These items and other topics can be discussed at future scheduled or potential additional meetings as necessary. There will be a progress report to Council in March.

The facilitator (Kip Harkness) will make the available time productive.

Recommend 2/15 as deadline for getting workshop material out to give Task Force time to ask staff questions beforehand.

Staff will provide all information as early as possible. Agenda will be provided by 2/15 and most items will be provided by 2/17. Any requests or questions should be directed to John Baty.

Questions and Comments / Outstanding Items Document

A new version of this document was not available for the January Task Force Meeting but will be provided at a future time.

Trade-Off Analysis:

Laurel Prevetti first introduced a series of staff presentations related to the potential Policy decisions addressed in the Trade-Off analysis. These included presentations by Mike Meyer, Deputy Director of the Housing Department, speaking on the topic of Affordable Housing, Laurel Prevetti speaking on the

topic of Industrial Conversion and Nanci Klein, Corporate Outreach Manager in the City's Office of Economic Development, speaking on Retail.

These presentations are available online at:

http://www.sanjoseca.gov/planning/evergreen/presentations/01-18-06%20Task_Force_Meeting_v1.pdf

Bob Spencer, a consultant with MuniFinancial, presented the outcomes of the "Trade-Off" analysis conducted by his firm. This analysis provided a comparison of the revenue generating capacity for various EEHVS development scenarios and provided information on the potential impacts of policy decisions under consideration (i.e. incorporation of affordable housing, retention of existing industrial lands, expanded amounts of retail within the project and limitations upon the total number of new residential units.)

This presentation is available online at:

http://www.sanjoseca.gov/planning/evergreen/presentations/Trade-off%20AnalysisPresentation1-18-06_v2.pdf

The Task Force provided the following questions and comments:

Comment/Question	Response/Answer
On Page 16 of the presentation: How is "Evergreen" defined? Is it District 8 or Evergreen*East Hills?	The "Evergreen" trade area is depicted on a map in the retail study and has slightly different boundaries than either the Policy area or the District 8 area.
The PowerPoint results detail is different than the bar chart (\$M) in the handout.	An older version of the presentation was inadvertently loaded into the laptop used for the presentation. The version of the presentation materials distributed through the website and in the hand out provide the correct information.

Comment/Question**Response/Answer**

What's the capacity for passing future bonds?

For the purposes of this analysis an effective tax rate of 1.75% was used. A rate of 1.75% acknowledges potential for other future bonds (e.g. school district bonds). The bonding capacity also goes up as home values go up over time.

Just because affordable and retail are less sensitive to change, doesn't mean the focus should be on those two issues versus industrial retention.

Comment noted. The Trade-Off analysis provides information to the Task Force regarding the relative sensitivity of the various policy decisions under discussion. It will be up to the Task Force to form a recommendation based upon this information.

Staff promised to answer Task Force member Homing Yip's questions regarding CFDs, but hasn't.

The presentations given by staff and the consultant address all of the questions raised by Homing to the extent possible and appropriate. As mentioned, CFDs are one possible financing approach and analysis of the CFD was part of the approved Work Plan. More specific details of the CFD (size, \$, etc.) can not be determined until the project has been further defined.

CFD shouldn't be discussed because the Task Force expected the developers to pay for the amenities and other investments.

The City Council's approved Work Plan included direction to discuss a CFD as a funding option.

If there's a CFD it ensures that amenities get done in a timely manner.

Comment noted.

Converting industrial to residential and has a large impact in terms of financing.

Comment noted

Comment/Question**Response/Answer**

Who approves CFDs?

Developers/current property owners propose and prepare the CFD as part of the entitlement process. Because only the properties owned by the participating property owners will be subject to the CFD tax, a general vote is not required. The City Council must also approve the CFD. Existing property owners aren't directly affected by the CFD.

What if existing property owners are forced to pay for a new CFD?

Existing property owners can not be forced to pay for the a CFD unless a CFD is adopted through a general election. This is not proposed as a part of this project.

It is counterintuitive for affordable housing to have little impact to the appraised value.

Comment noted.

Feels uneasy about passing a CFD onto people that are not familiar with the implications, given the high cost of homes in the area.

Buyers should be generally aware of the future cost associated with purchase of a home within a CFD. Homebuyers may elect to pay off the CFD at time of purchase.

What percentage of the \$235M comes from the developers versus the CFD?

This is not yet determined.

What's pay-off (lien) per home?

This depends upon many variables not yet determined.

If add more fees then people won't buy homes.

Comment noted.

In experience, didn't look at additional fees when purchased home. This hides the impact; won't be reflected in buyer's decision.

Comment noted.

Comment/Question**Response/Answer**

What if there were no fees? Why can't there be a guarantee that infrastructure would be paid for through other financing mechanisms?

A CFD is one possible option. An advantage of a CFD is that it provides considerable surety that infrastructure improvements will be built since the City administers the CFD and has guaranteed revenue streams through the bonding process.

What other areas have CFDs based on 1.75% tax rate or higher? Are there other cities/areas with similar CFDs and demographics?

One example is Roseville where CFDs have been approved at 1.75% and higher rates. Based on studies, other factors such as demographics seem to have more impact upon willingness of home owners to pass bond measures.

As new property owners come into the CFD will they pay more to the CFD?

The special tax is apportioned by property type, not property value, so new property owners of a given type will pay the same amount as the existing owners of that type of property.

Is it possible to pay for amenities up-front? Can any other financing mechanisms accomplish the amenities?

The proposed Evergreen Development Policy includes a phasing plan that requires commitment of funds in advance of development at intervals according to the phasing plan. The Task Force may make recommendations as to the front-loading of financing.

Where's the flexibility for industrial retention? The study does not address possibly moving jobs to the Arcadia site.

This is a separate policy discussion that does not need to rely upon data from the Trade-Off analysis. The analysis looks at the impact of retaining some of the existing industrial lands for industrial use. The Task Force may make a separate recommendation to increase the amount of industrial or commercial uses on the Arcadia site or other opportunity sites.

Comment/Question**Response/Answer**

How is the burden determined? Is the idea a hybrid of CFD and impact fees?

There are legal restrictions upon how an impact fee is imposed. Greater contribution amounts can be agreed upon through a voluntary process, but the amount of contribution required for a non-participating developer is restricted based upon nexus requirements.

Guiding Principle 2 regarding compatibility and size of lots limits the ability to put affordable housing on the Industrial and Pleasant Hills sites. The Guiding Principles should take precedence over incorporation of an affordable housing requirement.

Comment noted. The Guiding Principles also identify a need for providing access to affordable housing and incorporation of a variety of housing types.

Why are affordable housing numbers only restricted to the Evergreen area?

Data is available for other parts of the City. The presentation at this meeting focused primarily upon the project area.

It was helpful to see the numbers for affordable housing and who qualifies.

Comment noted.

It is good to see affordable housing doesn't really impact fees.

Comment noted.

The impact upon financing of one for-sale affordable dwelling unit is comparable to 4 affordable rental units.

Comment noted.

Affordable housing units don't generate money for amenities.

Comment noted.

If the proposal violates 2 guiding principles, there needs to be mitigation.

Comment noted.

Is 40% affordable required for Evergreen College site?

The EVCC site does not have a City requirement for affordable units. The 40% affordable is being proposed by the college consistent with their own principles.

Comment/Question**Response/Answer**

Affordable units must be undistinguishable from for-market units.

Comment noted. Generally it is City policy and Federal law to require that affordable housing units be built to comparable standards as market rate units.

What are the benefits of industrial retention?

The benefits include allowing jobs growth close to residential areas, internalization of trips, and providing more opportunities and variety for economic development.

What are traffic benefits of industrial retention?

Specific benefits are described in the EIR. Generally industrial retention reduces the amount of traffic at gateways into and out of the Evergreen East Hills area.

Until now the City has said traffic problems are caused by jobs, now saying caused by residential.

Previous traffic studies conducted for the project area have also concluded that industrial development would have some localized traffic impacts but overall have lesser traffic impacts than other types of development.

More commercial on industrial land doesn't make sense for traffic flow.

Comment noted. The EIR includes an industrial retention scenario so that this can be clearly understood.

Given economy, hasn't seen industrial workplaces filled.

Comment noted. Hitachi is moving forward with occupation of the existing industrial site. Other economic development is difficult to predict.

There isn't demand for industrial development today and there won't be in 20 years.

Comment noted. Demand for industrial use of the industrial sites will depend both upon local economic conditions and the needs/preferences of a specific company which may be looking for such a location. The Industrial Site lands however are generally not considered to have the highest value of the City's industrial areas.

Comment/Question**Response/Answer**

Having industrial development will create more traffic than residential overall, even with a reverse commute.

Please refer to the information to be provided in the project EIR which includes analysis of industrial retention as a scenario.

Retaining industrial hurts ability to finance amenities.

Comment noted. One of the conclusions of the Trade-Off analysis is that industrial retention will have a significant impact upon the financing capability of a CFD.

Does the Task Force have the ability to recommend industrial on any of the 4 sites?

Yes, but such recommendations may require additional environmental review beyond the scenarios included within the EIR.

Public Comments**Comment/Question****Response/Answer**

What is the EIR timeline?

The Draft EIR began circulation on February 3rd, 2006 and will continue to March 20th, 2006. The DEIR is available for review at the Department of Planning on the 3rd floor of City Hall, as well as the Main Library, several branch libraries and on the EEHVS website.

Can there be 40-60% affordable housing on all sites?

This requirement was not considered in the Trade Off analysis, but could be the recommendation of the Task Force or a requirement established by the City Council. The City has not previously adopted such a high requirement, preferring to disperse affordable housing units throughout the City.

Comment/Question**Response/Answer**

What traffic improvements have happened since 1991?

The following infrastructure (traffic) improvements have been completed or are under construction through implementation of the Evergreen Specific Plan:

- Northbound lane US-101
- Widening of Capitol Expressway from US-101 to I-680
- Capitol Expressway/Capitol Avenue intersection improvements
- Aborn Road improvements
- Quimby Road improvements
- Yerba Buena/Murrillo improvements
- Ruby Ave improvements
- Numerous other street and intersection improvements
- Fire Station
- Storm, sanitary and water system improvements
- Significant funding for Fowler Creek Park

How will the disparities between the different school district taxes impact property owners?

The City does not have the information necessary to answer this question.

Once industrial land is converted to residential use, it can never go back.

Comment noted.

Need more options for industrial than 0-50 or 120 acres of retention.

These scenarios were picked to illustrate possible scenarios, but the Task Force may recommend some other number. Generally the impact upon financing is proportional and can be understood from the information provided in the Trade Off analysis.

Comment/Question**Response/Answer**

The original plan for industrial is infeasible. It will take 20 years for jobs to come back. The plan for residential will help support jobs in Edenvale.

Comment noted. Per discussion above, economic conditions and demand for specific industrial sites is difficult to predict.

There need to be incentives to attract industrial to Evergreen.

Comment noted.

What other policies affect industrial conversion?

The City has an adopted Framework to analyze potential conversions of industrial lands and other General Plan policies that address this issue.

Not convinced retail should be exempt from contributing to amenities and improvements.

Comment noted.

Recommend retail pay pro-rated share of traffic impact fees.

Comment noted.

Recommend smaller, family-owned retail and affordable rental over retail disbursed over the four sites. It's a good way to blend the two uses and adds to the community.

Comment noted.

It is important to hear from school districts on ability to pass school bonds with proposed CFD.

Representatives of the school districts will continue to be invited to participate in the EEHVS process.

Adjourn

The meeting was adjourned at approximately 8:39 p.m. The next Evergreen East Hills Vision Strategy task force meeting is scheduled for Saturday, February 25, 2006 at 9:00 a.m. at KR Smith Elementary School.